

Message Text

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PAGE 01 BANGKO 04264 241058Z
ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /110 W
-----241101 025800 /10

R 240955Z FEB 77
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 9569
INFO AMEMBASSY TEHRAN

C O N F I D E N T I A L BANGKOK 4264

E.O. 11652: GDS
TAGS: ENRG, TH
SUBJECT: THAI PIPELINE AND IRANIAN OIL

REF: BANGKOK 1939 (NOTAL)

1. DON B. SMITH, DEPUTY GENERAL MANAGER OF BROWN AND ROOT INTERNATIONAL (BRI), TEHRAN, VISITED EMBASSY FEB. 24 TO DISCUSS WHAT APPEARS TO US AS INGENIOUS PROPOSAL UNDER WHICH BRI WOULD TAKE CRUDE OIL IN PAYMENT FOR DEBTS OWED BRI BY GOI, THEN SELL THE OIL TO RTG FOR BAHT, WHICH BRI WOULD THEN LEND TO RTG TO FINANCE CONSTRUCTION OF ITS PROPOSED NATURAL GAS PIPELINE. REPQYMENT WOULD BE IN U S DOLLARS IN INCREMENTS. BRI WOULD HOPE TO ALSO SECURE PIPELINE CONSTRUCTION CONTRACT AS PART OF PACKAGE. MR. SMITH SAID GOI PROPOSAL IS THAT BRI TAKE 30 MILLION BARRELS PER YEAR FOR AT LEAST TWO YEARS; THIS WOULD SUPPLY SLIGHTLY MORE THAN ONE-HALF THAILAND'S ANNUAL IMPORTS, FOR WHICH BILL IS ABOUT US \$650 MILLION. (ACCORD-ING MR. SMITH, GOI IS URGING U.S. AIRCRAFT MANUFACTURERS AS WELL AS CONSTRUCTION FIRMS TO TAKE SURPLUS OIL IN PAYMENT FOR DEBTS.) MR. SMITH SAID BRI HAS GOI LETTERS
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PAGE 02 BANGKO 04264 241058Z

OF INTENT FOR CONSTRUCTION PROJECTS VALUED AT US \$2.2 BILLION.

2. SMITH, WHO WILL BE IN BANGKOK UNTIL ABOUT MARCH 15, SAID BRI IS THINNING OUT STAFF IN IRAN AND MIGHT DECIDE TO OPEN OFFICE HERE, DEPENDING ON RESULTS OF HIS EXPLORATIONS DURING NEXT TWO WEEKS. HE PLANS TO DISCUSS

NATURAL GAS PIPELINE AND OTHER MAJOR CONSTRUCTION PROPOSALS
WITH OIL COMPANIES AND WITH RTG OFFICIALS.

3. MR. SMITH INTENDS TO FLOAT HIS PROPOSAL WITH HOME OFFICE
VIA TELEX AND TO RECOMMEND THAT COMPANY'S V-P FOR FINANCE
JOIN HIM IN BANGKOK TO EXPLORE SUBJECT WITH RTG. MR.
SMITH NOTED THAT THAI CROWN PRINCE VISITED IRAN RECENTLY
AND SPECULATED THE IRANIAN CROWN PRINCE WILL RECIPROCATATE
VISIT SOON. HE ENVISIONS RTG SOMEHOW ANNOUNCING AGREEMENT
ON IMPORTATION OF IRANIAN OIL VIA BRI AS PART OF BUDDING
RELATIONSHIP WITH IRAN.

4. AS DEPARTMENT IS AWARE, BRI HAS LONG CONSTRUCTION
HISTORY IN SOUTHEAST ASIA, BUILDING, AMONG OTHER THINGS,
BUMIPHOL DAM, THAILAND'S LARGEST. ON SURFACE, MR. SMITH'S
OIL-PIPELINE PROPOSAL IS INTRIGUING AND IT
MIGHT WELL PROVE ATTRACTIVE TO RTG. PRESUMABLY PROPOSED
TRANSACTION WOULD GENERATE CERTAIN AMOUNT OF HEARTBURN
AMONG ESSO, CALTEX AND OTHER PETROLEUM FIRMS HERE, BUT
THAT WOULD APPEAR TO BE PURELY COMMERCIAL MATTER
BETWEEN U.S. INTERESTS AND THE RTG. WE WOULD, HOWEVER,
APPRECIATE RECEIVING DEPARTMENT'S GUIDANCE AS TO WHETHER
WE SHOULD ENCOURAGE MR. SMITH TO PROCEED, DISCOURAGE HIM,
OR SIMPLY TAKE NO POSITION. MR. SMITH HAS APPOINTMENT TO
CALL ON AMBASSADOR MARCH 1.
WHITEHOUSE

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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